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INTELLIGENCE REPORT

COUNTRY Czechoslovakia/USSR

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SUBJECT Final Negotiations for Czechoslovak-Soviet Trade Treaty

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1. When Dr. Hubert Ripka, Czechoslovak Minister for Foreign Trade, left for Moscow in late November 1947 to conclude trade negotiations initiated by Loebel, head of Eastern Trade Division, he understood that the Soviets would ship 400,000 tons of grain to Czechoslovakia in exchange for piping, rails and other steel products. It was not until Dr. Ripka reached Moscow that he learned the Soviets had decided to increase the grain shipment to 600,000 tons.

2. Dr. Ripka was immediately confronted with a Soviet request for the drafting of a general commercial treaty similar to the one previously drafted by the Soviets and submitted to the Czechoslovak Ministry for Foreign Affairs in August 1947. This treaty had never been passed on to the Czechoslovak Cabinet for discussion. Furthermore, the Soviets insisted on signing such a treaty within four or five days.

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5. The greatest discussion was caused by the terminology of Para 1. of the treaty, which read: "The contracting parties will accord each other unconditional and unlimited reciprocal treatment in accordance with the principle of most favored nation in all questions involving mutual economic relations." The Ministry for Foreign Affairs conceded that a commercial treaty open to such broad interpretations had never been signed before. Zenkl led the fight against the acceptance of so broad a clause, and succeeded in getting the Cabinet to approve instructions

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[redacted] to try to get an addendum attached to the treaty which would give a Czechoslovak interpretation to Para 1.

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7. Considerable personal recrimination accompanied the various Cabinet meetings throughout the day, particularly between Zenkl and Julius Duris, Slovak Communist Minister for Agriculture. The latter accused Zenkl of being willing to carry his hatred of the Soviets to any length. Dr. Adolf Prochazka, People's Party Minister for Public Health, also played a leading role in refusing to accept the broadness of the draft treaty.
8. A translation of Para 2. of the Trade Treaty is as follows: "The USSR and the Czechoslovak Republic will especially accord each other most favored nation treatment in all questions having to do with tariff, all forms of taxes and duties, the levying of tariffs on goods, the return of tariff duties, reloading and placement of goods in storage, rules, regulations, formalities, and duties connected with the clearance of goods in Customs Houses."

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